

MEMORANDUM

OCTOBER 26, 1989

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: PAUL BARRETT, ASSISTANT DIRECTOR
ROBERT RUSH, DEPUTY DIRECTOR
JIM SULLIVAN, CHARLESTOWN COORDINATOR
HARBOR PLANNING AND DEVELOPMENT

SUBJECT: CHARLESTOWN URBAN RENEWAL AREA (MA PROJECT #R-55)
PARCEL R-96 (136-142 HIGH STREET)
AMENDMENT TO LAND DISPOSITION AGREEMENT

SUMMARY: MEMORANDUM REQUESTING THAT THE LAND DISPOSITION AGREEMENT BETWEEN THE BOSTON REDEVELOPMENT AUTHORITY AND 136-142 HIGH STREET TRUST BE AMENDED TO ALLOW A REDUCTION IN THE NUMBER OF AFFORDABLE HOUSING UNITS FROM EIGHT (8) TO SIX (6) OR FROM 67% TO 50%

On December 30, 1988, a Land Disposition Agreement ("LDA") was executed between the Boston Redevelopment Authority and the 136-142 High Street Trust for the rehabilitation of the properties located at the corner of High and Walker Streets (136-142 High Street) within the Charlestown Urban Renewal Area (see map). The terms of the LDA require the Redeveloper to rehabilitate the four attached wood-frame structures to include twelve (12) two-bedroom housing units, eight (8) of which will be affordable. The LDA mandated price for the affordable units is \$79,500.

The 136-142 High Street Trust, through its owners William Cotter and Mark Stahley, has petitioned the Authority to amend the LDA to allow a reduction in the number of affordable/deed restricted units from eight (8) to six (6) or from 67% to 50%. The reasons are as follows: 1) an increased total development cost resulted from unanticipated expenses; and 2) the limitations that the secondary mortgage market have placed on affordable/deed restricted units.

The increased total development costs resulted because the original budget, structured in 1987 while the real estate market was still strong, did not include adequate funds from commissions, marketing, or interest carrying costs for the unsold units. The new budget provides for these items. The additional market rate units will provide the internal subsidy required to maintain a 50% level of affordability.

The First Trade Union Bank has stated that the Bank's commitment to an end-loan financing package is likely with a limit of 50% affordable/deed restricted units in the development. The Bank's limit is a maximum 30% deed restricted units in a project because of secondary mortgage market underwriting requirements. First Trade would, however, seek a waiver of this limit to allow 50% deed restricted units, so that it can commit to end-loan financing for the project. (See attached end-financing proposal).

Based on the foregoing, it is requested that an amendment to the Land Disposition Agreement executed between the Boston Redevelopment Authority and 136-142 High Street Trust, Redeveloper of the properties located at the corner of High and Walker Streets (136-142 High Street) in Charlestown, be granted to reduce the number of affordable/deed restricted units from eight (8) to six (6) or from 67% to 50%. The amendment to the Land Disposition Agreement, with Board approval, will be subject to the First Trade Union Savings Bank's waiver of its present limit of 30% to 50% affordable/deed restricted units and the Redeveloper's ability to provide an end-financing package for the affordable/deed restricted units.

An appropriate vote follows:

VOTED: That the Director is authorized to execute an amendment to the Land Disposition Agreement between the Boston Redevelopment Authority and 136-142 High Street Trust, Redevelopers of Parcel R-96 (136-142 High Street) in Charlestown, allowing a reduction in the number of affordable/deed restricted units from eight (8) to six (6) or from 67% to 50%. Said amendment to the Land Disposition Agreement will be subject to the First Trade Union Savings Bank's waiver of its present limit of 30% to 50% affordable/deed restricted units and the Redeveloper's ability to provide an end-financing package for the affordable/deed restricted units.

**PARCEL R-96
(136-142 HIGH STREET)**

CLARENCE R. EDWARDS
JR. HIGH SCHOOL

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First Trade Union Savings Bank, FSB

Created by and for working people.™

WESLEY K. BLAIR, III
Vice President/
Sr. Commercial Loan Officer

July 21, 1989

The 136-142 High Street Trust
c/o William M. Cotter
23 Monument Square
Charlestown, MA 02129

Re: End Loan Commitment for
136-142 High Street Development (12 Units)

Dear Bill:

The Bank is most interested in providing the end-loans for the above-referenced affordable housing development in Charlestown. However, any commitment from the Bank would be subject to our standard mortgage underwriting procedures which would include any limitations that the secondary market may place on the affordable/deed restricted units.

In addition, an end-loan financing package will be much more feasible with a limit of 50% affordable/deed-restricted units in the development. Currently the limit is 30%; the Bank is seeking a waiver of this limit to 50%. In order to secure this financing package, the outstanding issue in regard to the percentage of affordable/deed-restricted units must be resolved immediately. I look forward to your expediency on this matter.

The construction of the project is progressing quite well. I look forward to the successful completion of this affordable housing development in Charlestown. If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

Wesley K. Blair, III (gdl)

Wesley K. Blair, III
Senior Vice President
Commercial Loan Department

WKB/gdl

Parcel R-96, 136-142 High Street, Charlestown

Equal Mortgage Program

The following is an example of the Equal Mortgage Program offered through First Trade Union Bank as it pertains to the financing of the proposed six affordable units in the referenced project.

Purchase Price	\$79,500
Mortgage Amount (10% down payment)	\$71,550
Equal Mortgage Rate	10.25%
Qualifying Mortgage rate	8.16% (\$6,400 annual P&I)
Buydown for qualifying rate	2.012 points (\$1,511)

Borrowers Annual Inc.	\$30,000
Borrowers PITI & Fee	\$ 8,400
Qualifying Housing ratio	28%

